CytRx® CORPORATION

LETTER TO STOCKHOLDERS

To Our Valued Stockholders:

In 2016, we made significant progress across all our oncology programs, from the late-stage aldoxorubicin program, to the very exciting work being conducted in our discovery laboratory in Freiburg, Germany, creating novel, ultra-high potency drug conjugates using our LADR™ technology platform. Most notably, we reported updated results from our global Phase 3 clinical trial evaluating aldoxorubicin in patients with relapsed or refractory STS and have now reached agreement with the FDA on a regulatory pathway for a New Drug Application (NDA) submission for aldoxorubicin as a new treatment for patients with STS.

In April 2017, we were pleased to announce that an abstract featuring the results from this Phase 3 clinical trial in STS was selected for an oral presentation at the American Society of Clinical Oncology (ASCO) 2017 Annual Meeting, taking place in early June in Chicago. These data are highly supportive of aldoxorubicin's potential as a better treatment for patients with STS and we are excited to present these updated and more detailed results to the medical community at ASCO this year.

The objective of the global Phase 3 trial was to evaluate aldoxorubicin in a large, randomized trial and assess its efficacy and safety compared to one of five standard STS treatment options. This study design was the first of its kind in STS and the comparator treatment was selected by the treating oncologist based on each patients' type and status of STS. All responses and progression-free survival (PFS) were determined by an independent, blinded central lab assessment of scans, providing important, third-party validation.

The aldoxorubicin program is also supported by a completed, 123-patient Phase 2b clinical trial comparing aldoxorubicin head-to-head with doxorubicin in patients with locally-advanced or metastatic STS who were ineligible for surgery. Even with treatment limited to six cycles, aldoxorubicin achieved a highly statistically significant benefit over doxorubicin, nearly doubling the progression-free survival, the trial's primary endpoint. Aldoxorubicin also showed better response rates, clinical benefit rates and PFS at four and six months.

We have now shared the data from these two important trials with the FDA and have obtained their agreement that an NDA under section 505(b)(2) can be filed for aldoxorubicin as a treatment for STS. This pathway has been successfully used by several previously approved oncology drugs, including Abraxane®, Doxil® and Onivyde®. Importantly, we believe the 505(b)(2) regulatory pathway will not adversely affect our Orphan Drug Designation or require additional clinical trials. To date, our interactions with the FDA have been productive and collaborative and we are diligently working to provide the study reports and analysis that can lead to the approval of aldoxorubicin. Our current goal is to submit a rolling NDA to the FDA in the fourth quarter of 2017 and gain marketing approval in 2018.

In parallel, we are currently engaged in a comprehensive business development initiative designed to identify and secure strategic partnerships for the commercialization of aldoxorubicin. We believe our initiative will be further advanced by the recent establishment of a clear regulatory path to approval for aldoxorubicin in STS.

In addition to STS, we presented data from aldoxorubicin in other oncology indications. At the American Society of Clinical Oncology (ASCO) 2016 Annual Meeting, we presented results from three early- and mid-stage clinical trials across three high unmet need cancers. Included were results from a Phase 2 trial evaluating aldoxorubicin in Kaposi's sarcoma, a Phase 2 trial of aldoxorubicin in glioblastoma, and a Phase 1b trial evaluating the combination of aldoxorubicin and gemcitabine, a widely used chemotherapeutic drug, in metastatic solid tumors. At the European Society of Medical Oncology (ESMO) 2016 Annual Meeting and Connective Tissue Oncology Society (CTOS) 2016 Annual Meeting, we reported the first interim data from a Phase 1b/2 trial evaluating the combination of aldoxorubicin and ifosfamide in advanced sarcomas. This aldoxorubicin+ifosfamide combination trial continues to enroll patients and updated results from this trial were selected for a poster presentation at ASCO 2017.

Beyond aldoxorubicin, our drug discovery team in Freiburg, Germany, is working to create the next generation of novel drug conjugates using ultra-high potency pharmaceutical agents that are 10-1,000 more potent than traditional chemotherapy. This is the future of CytRx's pipeline. The size of the discovery team in Germany is now larger than the size of the U.S. team and we have doubled the size of our laboratory space, underscoring the importance of this ongoing discovery work for the future growth of CytRx and its pipeline. Utilizing our Linker Activated Drug Delivery (LADR^{TM}) technology, several new drugs are being pre-clinically evaluated with the goal of unveiling a new drug candidate later this year.

Executing on our development and regulatory strategy requires a strong balance sheet. To that end, we raised $50.5 million in 2016, which included proceeds from two equity offerings and $24 million net proceeds from a debt facility. We ended the first quarter of 2017 with $48 million in cash, and raised an additional $16.9 million from a financing in May 2017 and from warrant proceeds to fund continuing operations.

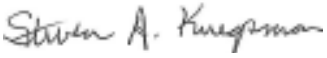
In addition to the many successes CytRx achieved in 2016, we also suffered a tremendous loss to our family. In late December, our beloved Dr. Joseph Rubinfeld, who was our Lead Director and had served on our Board of Directors since 2002, passed away unexpectedly. Dr. Rubinfeld's intellect, understanding of oncology, biochemistry, clinical trials and finance, made him uniquely qualified to guide CytRx in its work. He will be greatly missed.

On the corporate front, we recently welcomed Joel K. Caldwell to the Board as a new, independent director and as Chairman of the Audit Committee. Joel brings over 30 years of experience in finance and accounting, and we believe his expertise and business insights will have tremendous value as we continue to grow. Joel will succeed Dr. Anita Chawla and Eric Selter who will be retiring from the Board effective July 11, 2017. I would like to sincerely thank both Anita and Eric for their years of dedication and service.

We believe in the long-term future of CytRx. Through the innovations we expect will be achieved by our laboratory, we contemplate gaining a competitive advantage in oncology by developing potential break-through drugs.

On behalf of the entire CytRx team we thank you, our shareholders, for your continued support. We look forward to sharing our progress and achievements with you throughout the year ahead.

Sincerely,



Steven A. Kriegsman
Chairman and Chief Executive Officer